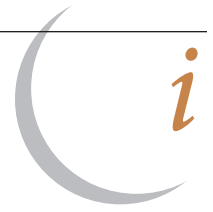

Introduction



This publication is intended for financial aid administrators and counselors who help students begin the aid process—filing the Free Application for Federal Student Aid (FAFSA), verifying information, and making corrections and other changes to the information reported on the FAFSA.

Throughout the Handbook we use “college,” “school,” and “institution” interchangeably unless some more specific use is given. “Parents” in this volume refers to the parents of dependent students, and “you” refers to the primary audience of the Handbook: financial aid administrators at colleges. “We” indicates the United States Department of Education, and “federal student aid” and “Title IV aid” are synonymous terms for the financial aid offered by that department.

We appreciate any comments that you have regarding the Application and Verification Guide (AVG) as well as all the volumes of the Federal Student Aid Handbook. We revise and clarify the text in response to questions and feedback from the financial aid community, so please contact us at fsaschoolspubs@ed.gov to let us know how to improve the Handbook so that it is always clear and informative.

CHANGES FOR 2010–11

The Higher Education Opportunity Act (HEOA) is still taking effect in 2010. This is the source of some of the non-routine changes to this edition of the Application and Verification Guide. Significant others pertain to new provisions of the tax code.

On page 9 we emphasized that the deadline dates are anticipated—they might be different when the *Federal Register* in question is published.

We noted on page 11 that homeless youth may use the school’s address as their mailing address.

We provided comments for question 26 on page 13.

We have received inquiries about whether combat pay is still to be included in the income earned from work now that it is no longer counted as taxable or untaxed income in the EFC calculation. Our guidance appears on page 14.

There is on page 15 a paragraph on the new IRS Data Retrieval process.

We added guidance on pages 17 and 20 about the value of an insurance settlement being counted as income, much as a distribution from a retirement plan does.

We explained on page 20 how the new American Opportunity tax credit is treated on the FAFSA; it is similar to the other education tax credits, but there is a significant difference because part of the new credit is refundable.

On the same page we included information on employer-provided stipends and tuition reimbursements.

On page 21 we noted that the first-time homebuyer tax credit of 2009 counts as untaxed income on the FAFSA.

The HEOA excluded from taxable income the earnings from a cooperative education program offered by a school. This was added on page 21 to the other income offsets.

We expanded the instruction on page 22 for the “other untaxed income” line of questions 45 and 93 of the FAFSA to include the first \$2,400 of unemployment benefits, which is now tax-free.

Also on that page we clarified guidance on benefits received by a person in the household size in his own name: they are not income to the student or parent if the person is an adult but are income if he is a child.

Because veterans education benefits were removed from estimated financial assistance by the HEOA, the relevant questions were removed from the FAFSA. On page 23 we note this and also that a technical amendment to the HEOA added to the list of excludable benefits.

Also on page 23: the value of on-base military housing or the basic allowance for housing no longer counts as untaxed income, but the basic allowance for subsistence still does.

In the margin of page 24 we list the military academies and their preparatory schools.

We note on page 28 that students in legal guardianship to their parents would answer “No” to the question about being in legal guardianship.

On page 29 we added a list of important points for aid administrators to keep in mind when determining if a student is a homeless youth, and in the margin we provided the contact information for oversight groups in the event that you believe an authority is making incorrect determinations of homeless youth.

At the beginning of Chapter 3 we combined margin notes into one (on page 41) to clarify the tax return criterion and how non-IRS tax returns are treated when considering the simplified needs test and automatic zero EFC.

We added a section on pages 42 and 43 explaining the new Department of Defense Match and the Iraq and Afghanistan Service Grant. The former is used to identify students who are eligible for a zero EFC because they had a military parent or guardian who died as a result of service in Iraq or Afghanistan, while the latter is for the same population but who don't qualify for the zero EFC because they are not eligible for Pell grants.

On page 88, under "Non-filers," we added a paragraph on the requirement of immigrants to meet normal tax-filing obligations.

On page 105 we added a note about how schools report when they've made a professional judgment decision and are requesting that the EFC be recalculated.

We updated Chapter 6 by removing the references to the FFEL Program and otherwise revising the text, including adding a paragraph on pp. 112–113 about the new Direct PLUS Loan Request process.

